

Statement of John L. Mica  
U.S.-EU Open Skies Agreement  
DOT NPRM on 'actual control'

February 8, 2006

This morning's hearing will focus on two issues that are both timely and important. The Subcommittee will receive testimony first about the Department of Transportation's 'actual control' rulemaking proposal and also review the status of the tentative open skies agreement between the United States and the European Union.

There is some urgency to resolving these issues. Several U.S. airlines in recent months have announced plans to expand—in some instances very significantly—their international services.

This reflects the increasingly common belief that greater service to foreign locations will be a key element in the U.S. airline industry's efforts to recover from four years of financial difficulties.

The U.S. airline industry has lost \$40 billion dollars since 2001; it needs the freedom to compete and succeed anywhere and everywhere.

All of us — labor, management, U.S. communities, and government — have important stakes in the removal of barriers that will allow our airlines to pursue competitive opportunities necessary for future economic success in the global marketplace.

Expanding air transportation between the United States and foreign countries can hold the promise of directly improving the well being of airline workers, air travelers, and the American cities that they serve.

This hearing will permit us to learn more about the status of the Administration's efforts to secure new open skies agreements with the European Union. Are the skies between Europe and America opening, or will protective self interests provide enough thunder clouds to rain on that prospect?

The growth of open skies agreements has been a singular achievement for our nation's international commercial aviation policy. It began amidst much skepticism—both in the United States and among our aviation trading partners overseas. Reality, of course, has silenced the skeptics.

Our government's perseverance, exhibited by Administrations of both parties, in pressing for acceptance of open skies principles has produced extraordinary benefits for both passenger and cargo airlines.

With difficulties the American aviation industry has had attracting capital, expanding service, and providing better future opportunities, wages, and benefits for employees, Open Skies can open many positive prospects for the future.

However, one contentious issue that has emerged is the question of ownership and control of U.S. airlines. Our European counterparts regard this as a critical issue. The Department's November 7<sup>th</sup> 'actual control' notice of proposed rulemaking is an effort to respond to that concern.

Congress has been involved in the criteria for U.S. airline and aircraft ownership for nearly eight decades. The Air Commerce Act of 1926 included a U.S. ownership requirement. Most recently, Congress in 2003 revised the long-standing definition of citizen in the federal aviation law. That definition can be traced back to the Civil Aeronautics Act of 1938.

This history tells us that Congress has been very mindful of citizenship and ownership issues. This hearing continues in that tradition.

We look forward to Under Secretary Shane informing us how the Department's proposed new 'actual control' test will affect labor-management relations in airlines; consumer protection issues; day-to-day management of U.S. airlines; and the Department of Defense's ability to obtain the civilian air lift it so critically needs with respect to the Civil Reserve Air Fleet (CRAF) program.

Similarly, we look forward to both Deputy Assistant Secretary Byerly and Under Secretary Shane advising us whether a change in the 'actual control' test will produce results or do we risk the rejection and disappointment that we experienced in June 2004.

Our Subcommittee also looks forward to hearing the views of the second panel, which is composed of airline and labor leaders from across the country.

All of us who have a role in the formulation of the U.S. Government's commercial aviation policies realize the importance of encouraging U.S. aviation to maintain its historic preeminence. We hope that today's witnesses will provide us some insights into how we can achieve that goal.